THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) The Government has received various representations from Members of Parliament, Union Ministers, State Ministers, various stake-holders and representative bodies against withdrawal of tax benefit available to cooperative banks under section 80P of the Income-Tax Act, 1961. In the representations a request has been made to restore the tax benefit under section 80P of the Income-Tax Act to all the cooperative banks.

(b) and (c) Upon consideration of the representations, the Government has not found it feasible to accept the request made therein.

Loans to IIFCL from forex reserve

1159. SHRI S.S. AHLUWALIA: Will the Minister of FINANCE be pleased to state:

(a) whether it has been decided to disburse a loan of USD Five billion to India Infrastructure Finance Co. Ltd. (IIFCL) by Reserve Bank of India (RBI) out of the forex reserve;

(b) if so, the details thereof;

(c) the magnitude of tangible benefit estimated, if any, to be accruing to the forex reserve by the proposed lending of IIFCL;

(d) the nature and dimension of risks which the loan would be exposed; and

(e) the details of the precaution envisaged, if any, to cover such risks adequately?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) As per information received from RBI, a decision has been taken to invest up to USD 5 billion in US dollar denominated bonds issued by the Wholly Owned Overseas Subsidiary/Special Purpose Vehicle (SPV) of the India Infrastructure Finance Company Limited (IIFCL) using a part of the foreign exchange reserves. The overseas subsidiary/SPV of IIFCL will issue 10-year maturity US dollar denominated bonds with a face value of USD one million with the maximum aggregate issuance of USD 5 billion. These bonds will be fully guaranteed by the Government of India for both principal and interest. The bonds will carry a floating rate of interest equivalent to the USD six month LIBOR and will be reset every six months.

The SPV will lend in foreign currency to Indian companies implementing infrastructure projects in India for import of capital goods solely for capital expenditure outside India.

(c) to (e) Since the bonds are guaranteed by Government of India for payment of both principal and interest no risk to RBI is envisaged.

Laws on foreign ownership of sensitive sectors

1160. SHRI RAJEEV CHANDRASEKHAR: Will the Minister of FINANCE be pleased to state:

(a) whether our foreign ownership laws for sensitive sectors have enough safeguards to